

August 15, 2008

California Air Resources Board
1001 "I" Street
Sacramento, CA 95812

Re: AB 32 Draft Scoping Plan for Policies to Reduce Global Warming Pollution

Dear Chairman Nichols and Members of the California Air Resources Board,

We commend the California Air Resources Board (CARB) staff for its thoughtful, thorough, and hard work to develop the Draft Scoping Plan for policies to reduce global warming pollution pursuant to Assembly Bill (AB) 32. We appreciate CARB's invitation for all stakeholders to provide input as you continue to develop the Scoping Plan for adoption by the end of the year. Many of our organizations have independently and/or jointly submitted comments on specific aspects of the Draft Scoping Plan.

The Draft Scoping Plan is a great start toward laying out the blueprint for implementing AB 32 and developing the first ever comprehensive binding statewide plan to combat global warming. As the Draft Plan acknowledges, California needs a comprehensive program to meet AB 32's goals, which takes advantage of the strengths of many different individual policies, including direct regulations, performance standards, incentives, markets, and fees. In short, we need all the tools in the toolbox. As such, we support the Draft Scoping Plan's framework for engaging multiple state agencies in a plan to implement a range of policy tools with a strong foundation in regulatory programs.

In addition, we agree with the Draft Scoping Plan's preliminary conclusion that the economic impact of the proposed emission reduction measures will likely be overall positive (p. 52). As the Draft Scoping Plan discusses, the more expensive option for California would be to wait and do nothing to address global warming, the impacts of which are already being felt (pp. ES-4-5). We look forward to reviewing the detailed analyses of the economic impacts to be released later this summer.

We provide the following suggestions for how the Scoping Plan should be improved, and urge CARB to make these changes in the Proposed Scoping Plan it releases in October. We look forward to seeing the Plan adopted in November so that we can move forward with the next steps in this process: the rulemaking proceedings that will flesh out the details of each policy in the Plan. We look forward to participating in those proceedings, and helping make these proposed policies into reality.

1. **Ensure that California meets its 2020 emission limit and puts the state on a path to meet the 2050 target.** Since the 2020 business-as-usual emissions forecast is inherently uncertain, CARB should recognize the uncertainty in emissions reductions from proposed measures by overshooting to create a cushion. The Proposed Scoping Plan must also include aggressive action now to put the state on a path to meet the deep emission cuts needed by 2050. We urge CARB to include more analysis of how the plan positions the state to meet the 2050 target in the Proposed Scoping Plan.

2. **Continue the Draft Scoping Plan's framework mix of policy tools, with a strong foundation in regulatory programs, and strengthen recommendations for regulatory policies throughout the state's sectors.** These measures should spur the clean tech industry and development of green jobs, innovation, and advance technologies, while also cleaning the air, protecting our land and water, and safeguarding public health. The Proposed Scoping Plan should adopt many of the Draft Scoping Plan's "Measures Under Evaluation" as well as additional measures in all the major sectors. We also urge CARB to identify in the Proposed Scoping Plan measures whose implementation could benefit from additional legislation.
- a. Land Use: We strongly urge CARB to adopt a far more aggressive target for land use, at least equal to the 9 MMTCO₂e of reductions included in the Climate Action Team report. A higher target will send a strong message to local and regional governments that business-as-usual land use is not acceptable and that we must start designing communities that provide a balance of transportation options and reduce the need to drive. Additional and stronger measures to reduce vehicle miles traveled, such as Pay-As-You-Drive Insurance and policies to expand public transit, must be a prominent part of the Scoping Plan, especially to enable the state to meet the longer-term 2050 target.
 - b. Forests: The Proposed Scoping Plan should lay out a clear strategy to achieve a more aggressive emissions reduction target for the forest sector than identified in the Draft Scoping Plan. In addition, the role of the Board of Forestry and Fire Protection, with which the Draft Scoping Plan appears to place responsibility for development of policies for this sector, must be clarified and their conflicts of interest with industry representatives addressed.
 - c. Industry: We urge CARB to strengthen its recommendations for the industrial sector and to adopt many of the measures still under evaluation for cement plants and refineries that will reduce pollution and achieve co-benefits for local communities.
 - d. Waste and Recycling: The goal listed in the Draft Scoping Plan pertaining to waste/recycling is right on target: "Increase waste diversion, composting, and commercial recycling, and move toward zero-waste." (p. 34) However, the only recommended policy measure is to control methane emissions from landfills, which does not address the stated goal. Measures to address this sector should be substantially expanded to encourage recycling and composting.
 - e. Water: The Proposed Scoping Plan should recommend expansion of both urban and agricultural water efficiency programs and policies, water recycling, and reuse of urban water runoff, all of which will be necessary to reduce the state's demand for new water supplies and capture the potential for emissions reductions.
 - f. Electricity: We support the Draft Scoping Plan's continued emphasis on energy efficiency. Additional policies, such as time-of-sale energy efficiency requirements, will be important to capture all cost-effective energy efficiency in the state. We also support the inclusion of a 33% Renewables Portfolio Standard that will be applied and enforced evenly across the state's retail providers.

- g. Natural Gas: Additional regulatory strategies should be included in the Proposed Scoping Plan to encourage reduced use and alternative sources of natural gas.
 - h. Transportation: To complement strategies to reduce VMT, policies to encourage cleaner vehicles and fuels are also necessary, not just for light-duty vehicles, but also for medium- and heavy-duty vehicles.
3. **Maximize economic benefits through a well-designed cost-effectiveness framework.** We support the Draft Scoping Plan's proposed cost-effectiveness framework that consists of the least expensive bundle of strategies necessary for the state to reduce its greenhouse gas emissions to 1990 levels by 2020. The Proposed Scoping Plan should utilize a well-designed cost-effectiveness framework that can accommodate all the various regulations needed to achieve the emissions reduction goals and that accounts for the economic value of co-benefits.
 4. **Protect low-income communities and provide benefits to already overburdened communities in California.** The Proposed Scoping Plan should incorporate a cumulative impacts assessment to ensure that disproportionately burdened communities are not negatively impacted by the regulations adopted to implement AB 32. CARB should detail its plans to screen each proposed regulation and market mechanism for cumulative impacts to ensure that emissions reduction measures do not adversely affect low-income communities, do not interfere with achieving air quality standards, and maximize total benefits to California.
 5. **If a cap-and-trade program is included, it must be well-designed and meet the requirements of AB 32.** A cap-and-trade program must have a tight cap, an auction with a mechanism to distribute the revenues in the public interest (for investments in energy efficiency, clean energy, transit and other clean technologies, and community benefits), no or limited offsets, and strong enforcement. Any cap-and-trade program must meet the requirements of Health and Safety Code Section 38570, including the requirement to consider the impact on criteria and toxic air pollutants and prevent any increase in these emissions.¹
 6. **Strictly limit offsets.** We have significant concerns with offsets. If they are allowed at all, compliance offsets should be limited only to a cap-and-trade program. Allowing compliance offsets as part of other regulatory programs would undermine the programs' ability to spur technological innovation and achieve co-benefits for California.
 7. **Provide a model for other states and the nation.** AB 32 and the Draft Scoping Plan is the leading example of an economy-wide, comprehensive plan to curb global warming. The Proposed Scoping Plan should build upon the Draft Scoping Plan and continue to accelerate the transition to a green economy. We cannot afford to wait to combat global warming.

¹ Health and Safety Code Section 38570(b) requires that CARB do all of the following before including a market-based compliance mechanism in its regulations: "(1) Consider the potential for direct, indirect, and cumulative emission impacts from these mechanisms, including localized impacts in communities that are already adversely impacted by air pollution. (2) Design any market-based compliance mechanism to prevent any increase in the emissions of toxic air contaminants or criteria air pollutants. (3) Maximize additional environmental and economic benefits for California, as appropriate."

Thank you for considering our input as CARB continues to develop the AB 32 scoping plan. We look forward to working with you to finalize a comprehensive plan that will meet or beat AB 32's emissions limit, provide economic and air quality benefits to California, and position the state to achieve the Governor's goal for deeper pollution cuts by 2050.

Sincerely,

Bonnie Holmes-Gen
American Lung Association of California

Andy Katz
Breathe California

Nancy Rader
California Wind Energy Association

Brian Nowicki
Center for Biological Diversity

Mike Sandler
Climate Protection Campaign

Shankar Prasad
Coalition for Clean Air

Tam Hunt
Community Environmental Council

Jason Barbose
Environment California

Danielle Fugere
Friends of the Earth

Audrey Chang
Natural Resources Defense Council

Bill Magavern
Sierra Club California

Stuart Cohen
Transportation and Land Use Coalition

Erin Rogers
Union of Concerned Scientists

cc: Darren Bouton, Deputy Cabinet Secretary
Linda Adams, Secretary, California Environmental Protection Agency
Eileen Tutt, Deputy Secretary External Affairs, California Environmental Protection Agency
James Goldstene, Executive Officer, CARB
Chuck Shulock, Chief, Office of Climate Change, CARB